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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 15, 2014

Rick Havenstrite
Desert Hawk Gold Corporation
1290 Holcomb Avenue
Reno, Nevada 89502

Subject: Deficient Amendment to the Notice of Intention to Commence Large Mining Operations, Desert Hawk Gold Corporation, Kiewit Mine, M/045/0078, Tooele County, Utah

Dear Mr. Havenstrite:

The Division of Oil, Gas and Mining has reviewed the amendment to the Kiewit Notice of Intention to Commence Large Mining Operations (Notice) submitted on September 29, 2014, and has the following comments. The amendment is for the replacement of Appendix V-B.

- a) Page 1 Section 1.0, paragraph two, notes the two holes (18-foot) are in ore and two in waste, but in Table 1 all four samples are shown as being in ore. Please correct the discrepancy.
- b) As discussed in the Notice, the net carbonate value (NCV) method can be helpful in identifying acid forming materials. However, a Sobek-based method is the primary method approved by the Division for this Notice of Intention for acid-base accounting. In the future, please provide analysis of samples using a Sobek-based method (such as modified Sobek). After a statistically-significant and spatially-representative amount of comparative analyses of both a Sobek method and the NCV method, the Division will consider whether the NCV method is appropriate to use for this site. This comment does not require a response at this time.
- c) Based on the cross-sections and sample intervals provided, the pit floor samples in Tables 1 and 2 do not extend deep enough in the pit to be taken from the pit floor. Correct the figures, sample depths, or the categorization of the samples as originating in the pit floor.

Comments a and c need to be addressed before the Division approves the amendment. Please call Leslie Heppler at 801-538-5257 or Peter Brinton at 801-538-5258 if you have any questions about the comments.



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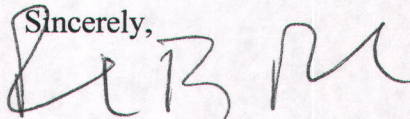
Approvals from the Division do not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the operator's mining operations.

The Division reiterates the conditions included in the approval letter dated February 21, 2014:

1. Mining at the Clifton Shears will not exceed 20 feet in depth until the operator has completed additional rock characterization.
2. No mining may be done at the Yellow Hammer until the operator has completed rock characterization.
3. Mining at the Kiewit will include rock characterization as committed to in the NOI.
4. Backfilling and grading reclamation bond monies will not be released until the heap leach draw down has been completed.

The Division and Desert Hawk Gold have agreed that inconsistencies exist in the Notice and that any inconsistencies that impact regulatory authority decisions will be decided by the Division.

Thank you for submitting this data and for your cooperation.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB: lah: eb

cc: Stephen Allen, Salt Lake BLM (SAllen@blm.gov)

Wendy Shubert, Tooele County (wshubert@co.tooele.ut.us)

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